

COUNTY OF YORK

MEMORANDUM

DATE: December 27, 2001 (BOS Mtg. 1/15/02)

TO: York County Board of Supervisors

FROM: James O. McReynolds, County Administrator

SUBJECT: Real Estate Tax Exemption for Elderly and Disabled Persons

Background

As the Board is aware, the York County Commissioner of the Revenue currently operates a Tax Relief Program for Elderly and Disabled individuals in the County pursuant to section 21-40, *et. seq.* of the York County Code. The Program was initially adopted in 1973. Current income eligibility guidelines and net financial worth criteria for the exemption were established in 1989. The program allows a maximum exemption of five hundred dollars (\$500) for eligible homeowners.

Program guidelines are established as authorized by the Code of Virginia, Section 58.1-3211. Eligibility for this exemption is based on two factors – total income to the household and Net Combined Financial Worth. In both cases, the eligibility criteria established in the County's ordinances are below the maximum financial thresholds allowed by statute. Staff proposes amending both criteria in order to expand eligibility for the program. Staff is also proposing that the maximum exemptions be increased.

◆ Income Guidelines

The County's program is designed to provide incremental exemptions to eligible households based on income. In 2001 the Code of Virginia was amended to allow a family to be eligible for this exemption if the total income to the household does not exceed either:

Option A.] Fifty-thousand dollars (\$50,000)

or

Option B.] 80% of the median income adjusted by family-size for a metropolitan statistic area as published by the Department of Housing and Urban Development (HUD).

Whenever there is discretion in setting income guidelines for eligibility in assistance programs, the County has used the Housing and Urban Development scales. This allows objective criteria, related to area income, which is developed by an outside agency, relieving staff of the need to perform complex analyses or calculations. Further, it provides some consistency between programs. Staff is therefore recommending the use of Option B. to determine eligibility for this exemption.

Under this option, income guidelines would be as follows:

<i>Total Combined Income as determined Pursuant to section 21-44</i>		<i>Amount of Exemption</i>
<u>1 Person</u>	<u>2 Person (Owner and Spouse)</u>	
Less than \$15,000.00 <u>\$17,850.00</u>	<u>Less than \$20,400.00</u>	An amount not to exceed \$500.00 <u>\$600.00</u>
\$15,000.00 <u>\$17,850.00</u> to \$18,000.00 <u>\$23,000.00</u>	<u>\$20,400.00 to \$26,525.00</u>	An amount not to exceed \$350.00 <u>\$420.00</u>
\$18,000.00 <u>\$23,200.00</u> to \$22,000.00 <u>\$28,550.00</u>	<u>\$26,525.00 to \$32,650.00</u>	An amount not to exceed \$250.00 <u>\$300.00</u>

◆ Net Combined Financial Worth

The current net combined financial worth for otherwise eligible households in York County cannot exceed seventy-five thousand dollars (\$75,000). However, Virginia State Code now allows for net combined financial worth to be set at up to one hundred thousand dollars (\$100,000). Staff recommends revising York County Code, Section 21-44 to increase the net combined financial worth threshold for eligibility to the one hundred thousand dollars (\$100,000) limit.

◆ Amount of Exemption

Staff has sampled the assessed value of properties that might qualify for participation in the program. The results of this effort indicate that from the 1990 cycle to the 2002 cycle the assessed value of these properties has increased by an average of approximately 20 percent. In order to have the exemption amounts keep pace with the assessed values, staff proposes the maximum exemptions be increased to \$600, \$420, and \$300 as indicated in the above table.

Potential Fiscal Impact

The Commissioner of Revenue reports that during the most recent year, a total of three hundred and thirty-seven (337) applicants accounted for \$130,455.61 in tax relief. Of the individuals who applied, but were deemed ineligible: two (2) were disqualified due to excessive financial worth; one (1) was disqualified because the property was not in their name, nor did they have a life estate; and seventeen (17) were disqualified due to excessive income. Expanded eligibility should increase participation. In efforts to analyze the potential fiscal impact, it was assumed that a thirty percent (30%) increase would not be an unreasonable projection. If so, the costs to the County by changing the income and net combined financial worth limits as proposed would increase from \$130,456 in 2001 to a

projected \$169,600 in the 2002 tax year. Increasing the maximum exemption limits, as proposed, would be expanded to increase cost by approximately \$28,000 more.

Recommendation

York's income and net financial worth guidelines for eligibility for Tax Relief for the Elderly and Disabled have not been revised since 1989. However, the cost of living has continued to escalate and property assessments have risen. Many of York's disabled citizens and certainly elderly residents have fixed incomes. The senior population in particular is "aging in place", in homes that often were purchased decades ago. With fixed incomes, it is difficult at best to keep pace with increased assessments. Expanding the eligibility guidelines maximum and exemption amounts is consistent with the Code of Virginia and also recognizes the economic challenges facing many of our disabled and elderly citizens. Consequently, I recommend adoption of proposed Ordinance No. 02-1.

Smith/4111

Attachments:

- Ord. No. 02-1 – Proposed Revisions to Sections 21-42 and 21-44 of the York County Code